

# **Social Security**



**An American Success Story**

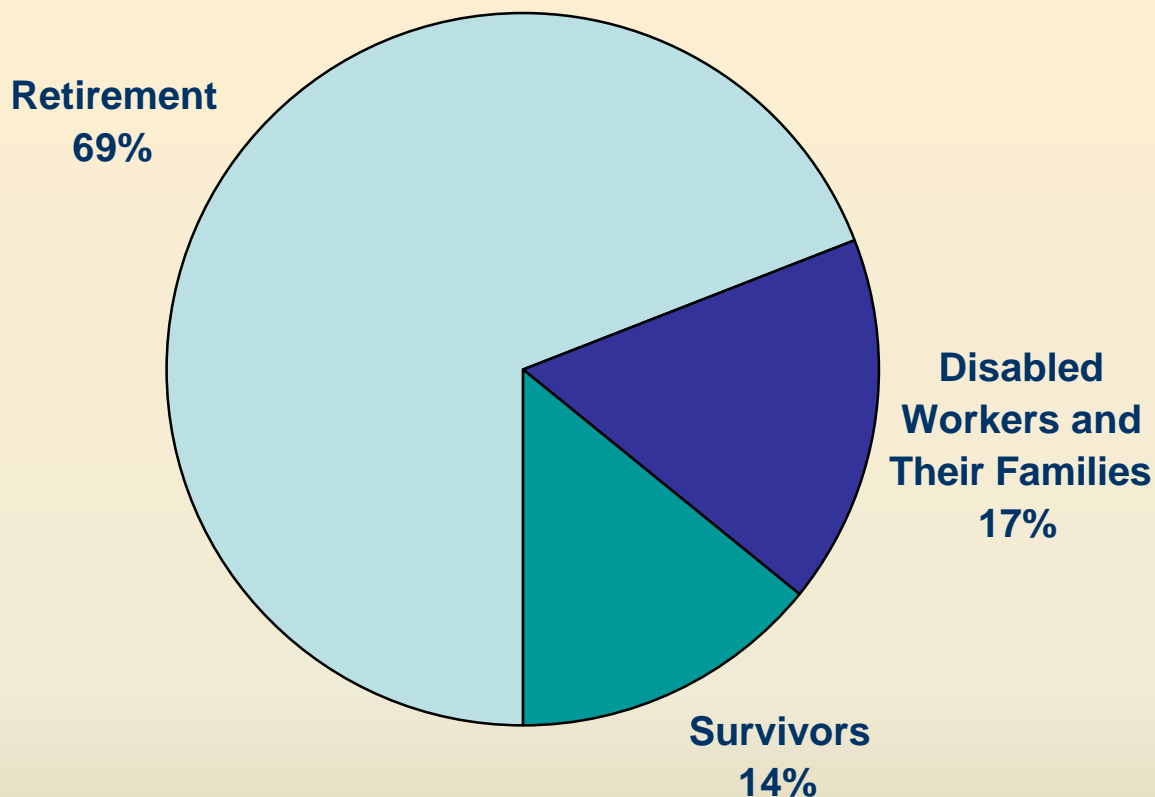


# Social Security: A Proven Record

- Independence and economic security
- Three kinds of protection: retirement, disability, premature death
- A family protection plan
  - husbands and wives
  - young children
  - widows
- Benefits are earned – through workers' contributions during their careers

# Social Security: Three Types of Protection

One-Third of All Beneficiaries are Not Retirees



**Social Security Beneficiaries**

Source: Social Security Administration, December 2004

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# GOP Privatization Plan

- Creates a crisis where none exists
- Cuts future benefits by almost 50%
- Adds \$2 trillion to the deficit over 10 years



# Financial Status:


## Long-term challenge, not an immediate crisis

- Trust Fund today: \$1.7 trillion in reserves
- Will provide full benefits for nearly 50 years
- Even with no changes, enough funds to pay about 80 percent of benefits thereafter

# Time to Get it Right


## Social Security is Secure for Decades



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# Do Private Accounts Solve the Problem? *No*

- Worsens Social Security shortfall
- Takes \$2 trillion from Trust Fund in just 10 years, more in future decades
- Weakens Social Security, threatening benefits for today's seniors

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# What About Younger Workers? Privatization Penalizes Them

- Would not receive benefits they have earned
  - Deepest cuts directed at younger workers
- Trillions in new federal debt passed on to future generations



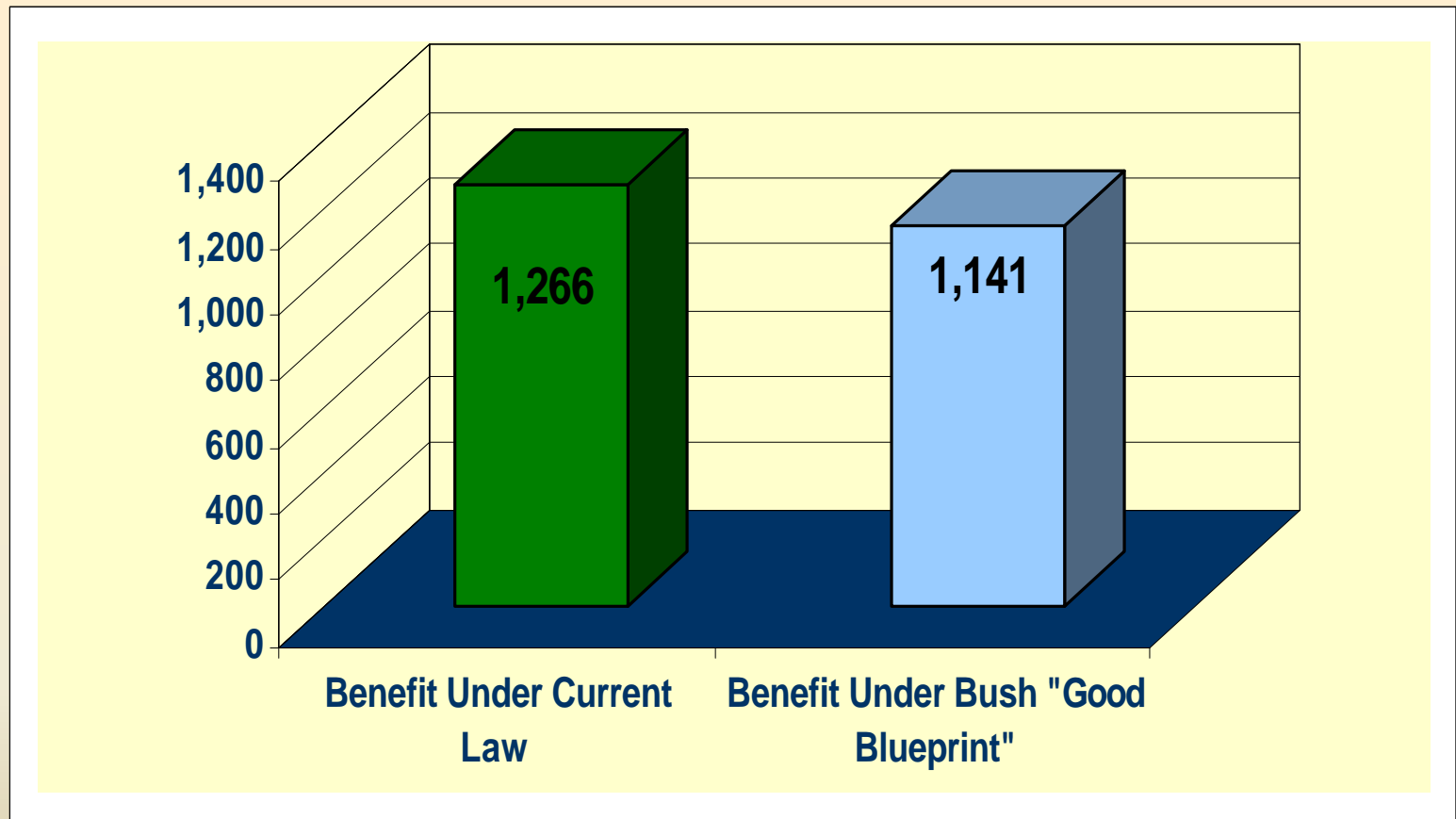


# Privatization = Benefit Cuts

- Slashes benefits more than 40 percent
  - Cuts apply even if you don't sign up for an account
  - Same cut for disability and survivor benefits
  - \$152,000 cut in benefits over a younger worker's lifetime
- Private accounts don't make up loss from benefit cuts (Congressional Budget Office analysis)

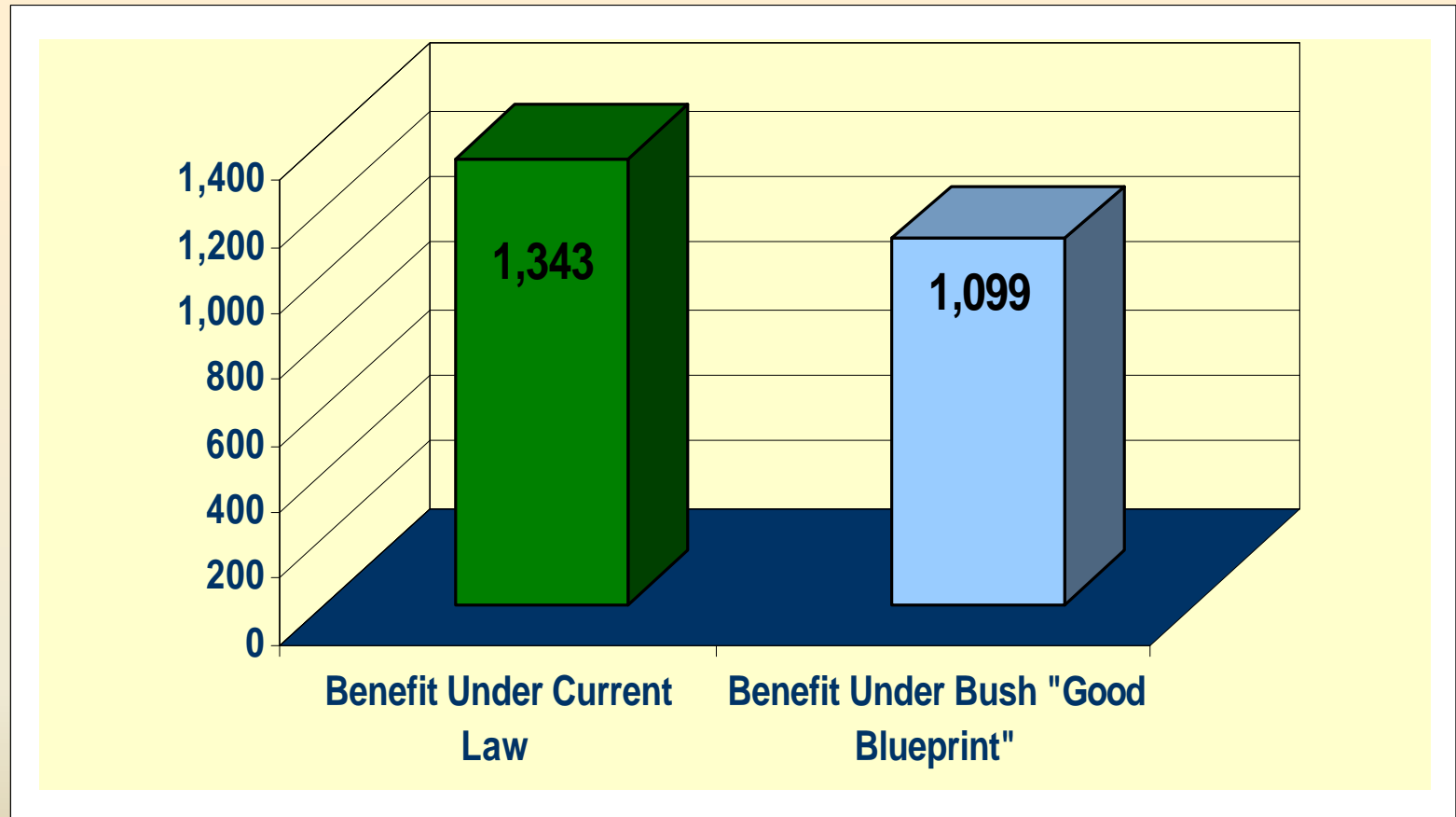
# Benefit Cuts Under Privatization

Bill, age 48  
(retires in 2022)



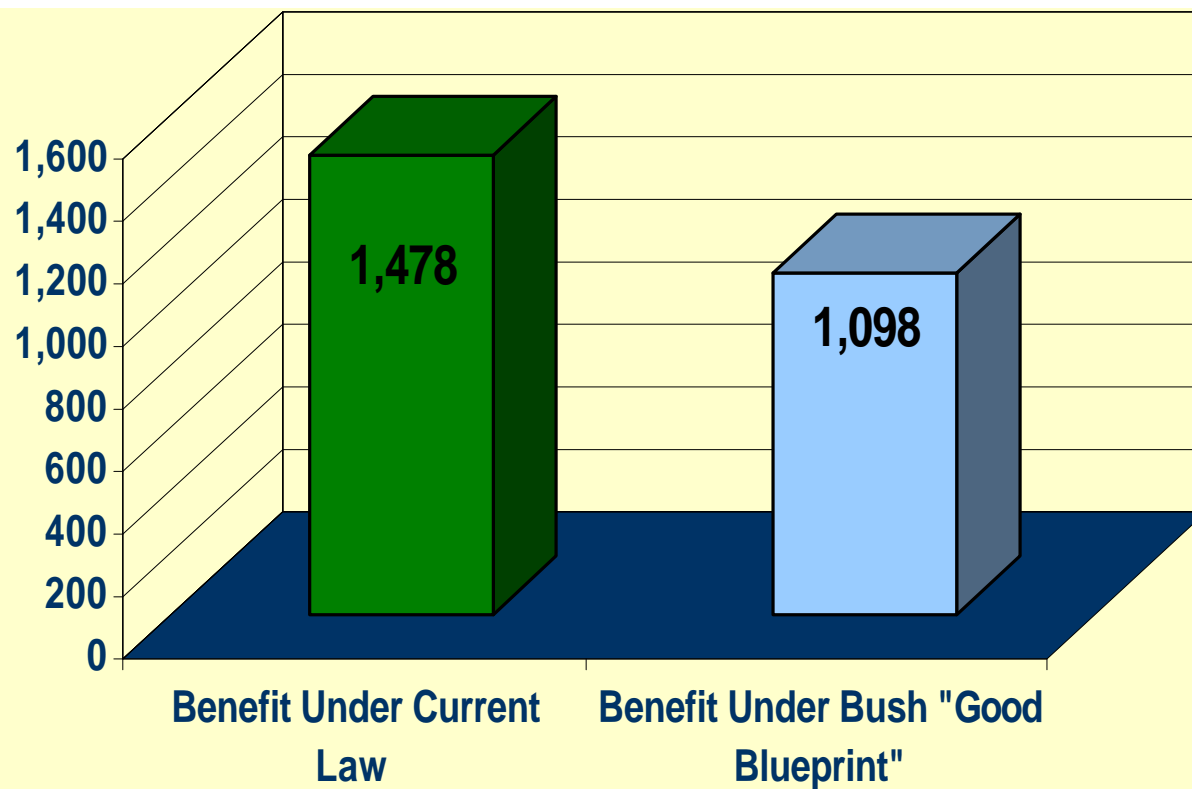
# Benefit Cuts Under Privatization

Jennifer, age 38  
(retires in 2032)



# Benefit Cuts Under Privatization

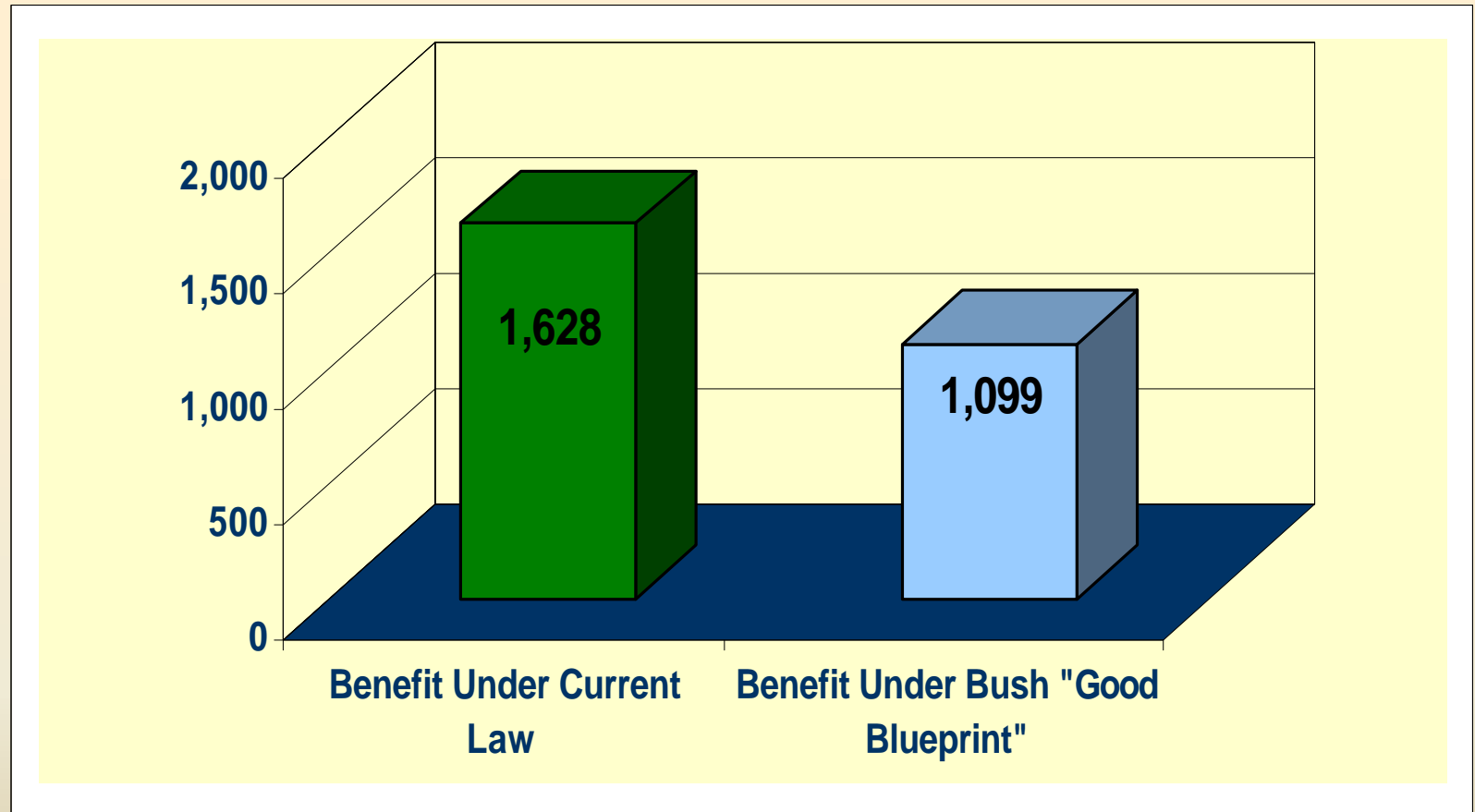
Eric, age 28  
(retires in 2042)



# Benefit Cuts Under Privatization

Ashley, age 18

(retires in 2052)

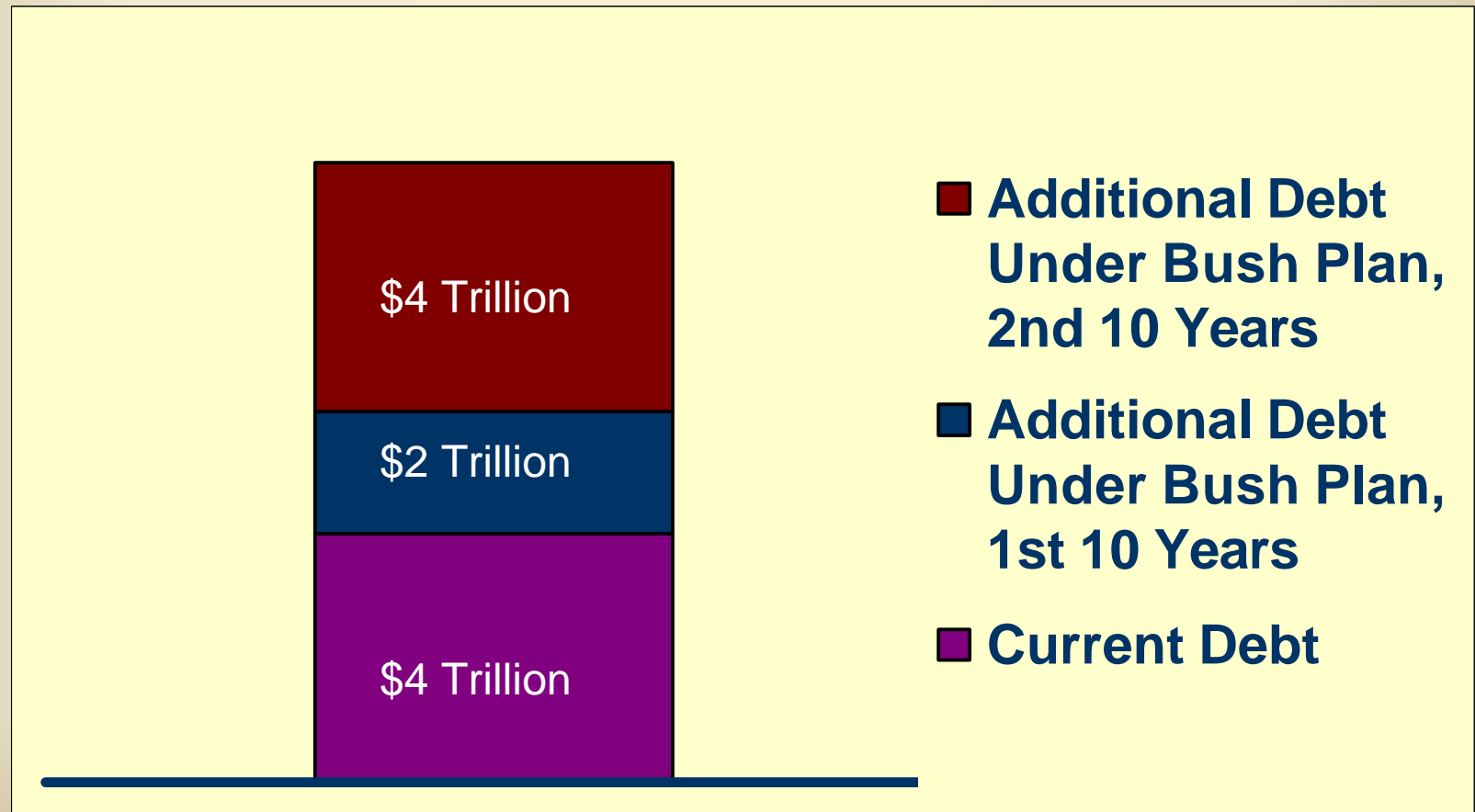


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# Privatization = Massive Borrowing

- \$2 trillion in borrowing
- Endangers economy
- Indebtedness to foreign nations
- Raises taxes on our children and grandchildren

# Republican Social Security Privatization Plan Adds to Already Skyrocketing Debt



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# What Must Be Done?

**First,**

Stop privatization plans that would dismantle Social Security through benefit cuts and by diverting trillions of dollars from Social Security



# Then,

- Pay back the Trust Funds
- Ensure that seniors, widows, children, and disabled workers get the benefits they earned
- Help people save for retirement, but not at expense of Social Security
- To assure full benefits 50 years from now, bipartisan adjustments are the right solution

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# What Not to Do?

- **DON'T** increase the deficit
- **DON'T** harm the middle class
- **DON'T** jeopardize guaranteed benefits